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DATE: February 12, 2015

TO: Connecticut Joint Insurance Committee

FROM: Peter Frascarelli, CPIA
President, Professional Insurance Agents of Connecticut Inc.

RE: HOUSE BILL 5195

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AGENTS**

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I am writing on behalf of the Professional Insurance Agents of Connecticut Inc., an association representing more than 400-member professional, independent insurance agents who employ thousands of people throughout the state.

We write to express concern with the proposal put forth in H.B.5195.

Uninsured and underinsured motorist protection is a very important part of the whole package of coverage that is currently required under Connecticut law. The minimum limits of personal auto coverage in the state are known as "20/40/10," which refers to the lowest levels of coverage that can be purchased: \$20,000 for bodily injury, per person per accident, \$40,000 for bodily injury, total per accident and \$10,000 for property damage per accident. The currently required amount of uninsured or underinsured coverage is \$20,000 per person/\$40,000 total per accident. Uninsured/underinsured coverage is available to a motorist who incurs medical bills following an accident caused by a driver who is not insured, or who does not carry sufficient insurance to cover your medical bills.

As drafted, the bill mandates that a motorist who declines uninsured/underinsured coverage sign an informed consent form, which in an ideal world would reflect that the motorist knowingly and thoughtfully rejected the protections embodied in such coverage. As has been the experience of producers and agency owners across the state, the presence of a signed declination form does not reflect this reality, as insureds facing an uncovered loss often disregard their previously memorialized decision. In these situations, an aggrieved and injured party often claims, in the course of litigation seeking to collect against the agent's errors and omissions policy, they did not truly understand what they were signing. While the presence of a signed declination form should be per se evidence of the insured's intent, defending such claims is expensive and drives up the costs of doing business for agents and brokers across the state.

We respect the general proposition that a consumer's right to choose between various products with different features is an important part of a free market. Even in a free market though, in many cases, the public good dictates that some purchases, such as auto insurance in general, are not discretionary purchases.

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While uninsured/underinsured coverage is designed to protect the purchaser alone, and not third parties, it is foreseeably likely that immediate and short-term financial considerations would distract prospective purchasers from making a careful and well-informed decision about the long-term benefits of such coverage, and the devastating physical and financial harm that can flow from having insufficient coverage to pay for injuries caused by an uninsured/underinsured motorist. While the bill contains a mechanism—repealing the prohibition on uninsured/underinsured subrogation—to allow recovery of the deductible paid by a motorist injured by an uninsured/underinsured driver, the effect of this would be to complicate and slow down the payment of claims. Claims that under a mandatory uninsured/underinsured regime would typically be paid by operation of the policy would now have to be resolved through litigation subject to the delays and friction that entails.

As is seen all too frequently, people who suffer injuries and cannot afford medical treatment often must rely on charity care—at a cost to the public—and in many cases, the lack of immediate access to treatment and rehabilitation impairs the accident victim's full recovery to a healthy and productive state.

We believe that all motorists should be placed in the position to most easily and reliably protect themselves from the life-altering harms caused by being hit by an uninsured/underinsured motorist and accordingly should remain a compulsory coverage.

Respectfully, we urge the reconsideration of this proposed bill.